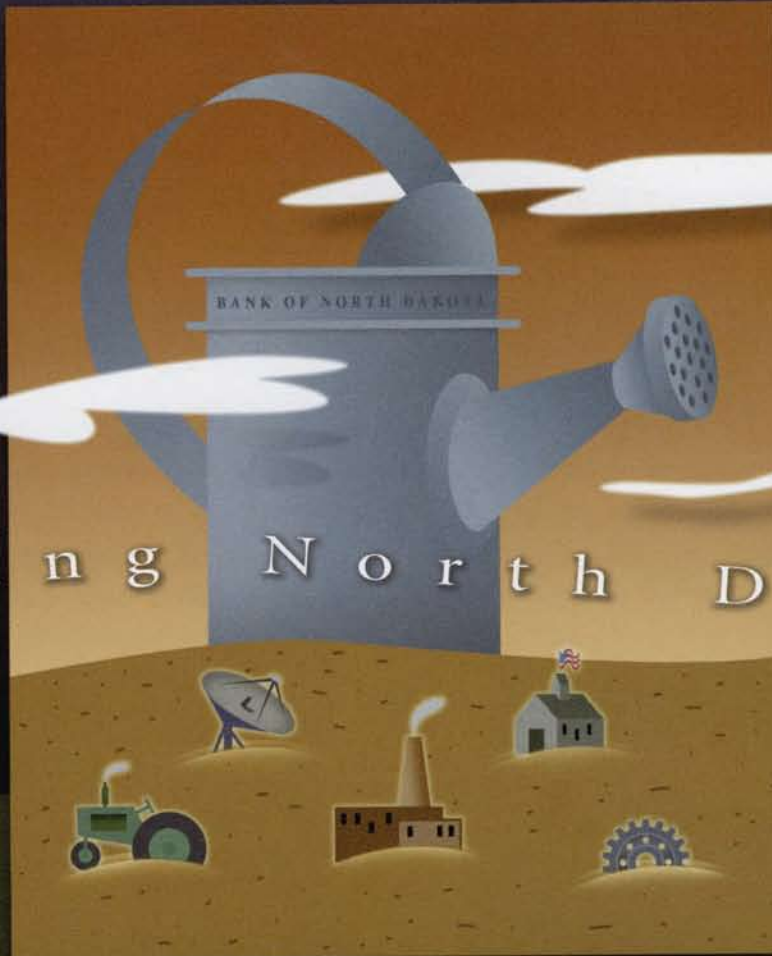


Growing North Dakota



BANK OF NORTH DAKOTA
ANNUAL REPORT 2000



NOURISHING GROWTH AND THRIVING IN AN ENVIRONMENT OF CHANGE

2000 was a year of growth and record profitability for Bank of North Dakota (BND), as well as a year of transition. Former President John Hoeven left BND mid-year to make a successful bid to be North Dakota's 31st governor. BND is pleased to welcome Governor Hoeven back to the Bank through his new role as Chairman of the Industrial Commission of North Dakota. The Industrial Commission has overall responsibility for BND operations.

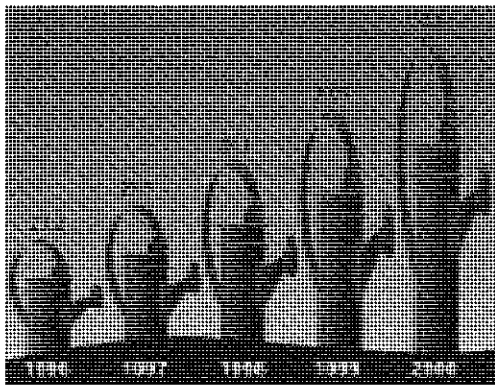
Under the direction of Interim President Eric Hardmeyer, the Bank continues to support the growth and progress that is helping to create new opportunities for North Dakota.

Bank of North Dakota launched a new e-commerce initiative this year. This initiative will use technology to serve more customers in many new ways. It will keep the Bank competitive and will be completed in phases over several years. With each completed phase, the Bank adds more functionality and improves customer service.

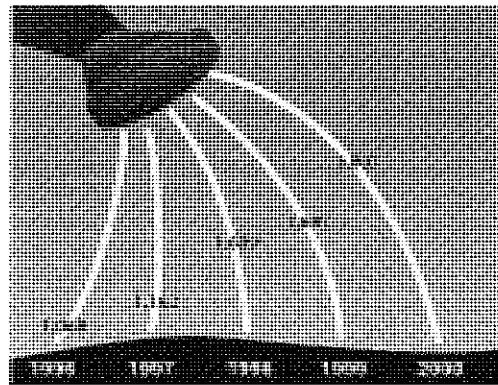
As part of an ongoing commitment to growing North Dakota, BND is initiating a fundamental change in the manner in which business is conducted at the Bank. Core business processes are being placed on-line connecting the Bank's critical business systems with internal and external customers. The Bank's existing static web site will be replaced with a dynamic site allowing customers to interact with their account, exchange information and conduct transactions. The final phase, and perhaps most challenging, will be the replacement of existing student loan processing and customer systems.

BND continues to enrich North Dakota's future by expanding and implementing new programs to assist North Dakotans. A record number of Ag PACE loans were made as farmers and ranchers used the program to help diversify their operations. Major steps were made in expanding existing loan programs that assisted North Dakota ranchers to retain their livestock and generate additional wealth.

Many people benefited from the Beginning Entrepreneur Program in 2000. This program enables entrepreneurs the opportunity to obtain financing from their local financial institution while BND reduces the risk by providing a loan guarantee. This program marks the first time BND has become involved in a guarantee program on a business application. The program makes growth happen and, even better, helps the people of North Dakota achieve their dreams!



**BND Annual Income in
Millions of Dollars**



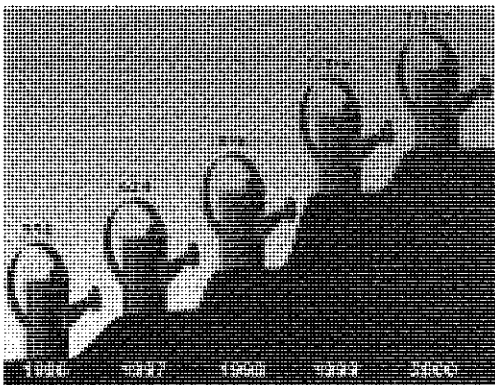
**Growth in BND Total Assets
in Millions of Dollars**

HARVESTING FINANCIAL SUCCESS

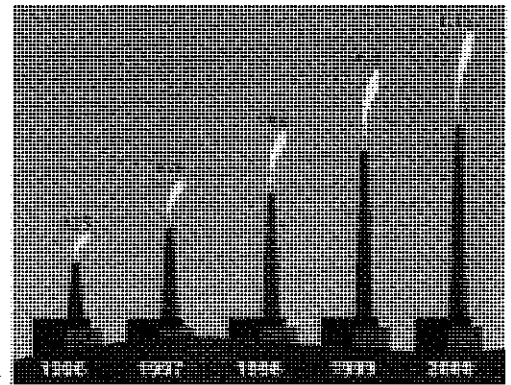
Though the year has been characterized as one of change and transition, this could not have been accomplished without the firm foundation of financial strength and stability the people at Bank of North Dakota have built. For the fifth consecutive year, the Bank set a new record for profitability. Net income for the year totaled over \$32.6 million, an increase of 6.9 percent over 1999. Return on assets was 1.8 percent and return on equity was 21.3 percent.

BND's profitability was accomplished through steady loan growth and an attention to asset quality. Loans increased by \$100 million, an increase of 9.4 percent, to \$1.16 billion at year-end. Total assets grew 7.1% from \$1.69 billion to \$1.81 billion. The Bank continues with a balanced portfolio: student loans account for 32.5 percent, commercial loans 31.5 percent, agricultural loans 18.0 percent, and residential loans 18.0 percent of BND total loans. This balance gives the Bank the necessary asset and rate structure diversity to provide consistent earnings despite interest rate and economic fluctuations. The Bank uses federal guarantee programs to reduce risk with 54.0 percent of the total portfolio guaranteed. In addition, the Bank has a healthy loan loss reserve of \$22.4 million or 1.94 percent of total loans.

Bank of North Dakota capital grew to a record level of \$153 million, an increase of 10.1 percent from 1999, with primary capital (capital plus loan loss reserve) at 10.6 percent. Primary capital of 7 percent is the benchmark used by the State Banking Board to determine a minimum threshold of required capital. Considering its unique mission, the Bank is well capitalized.



Total Loan Portfolio
in Millions of Dollars



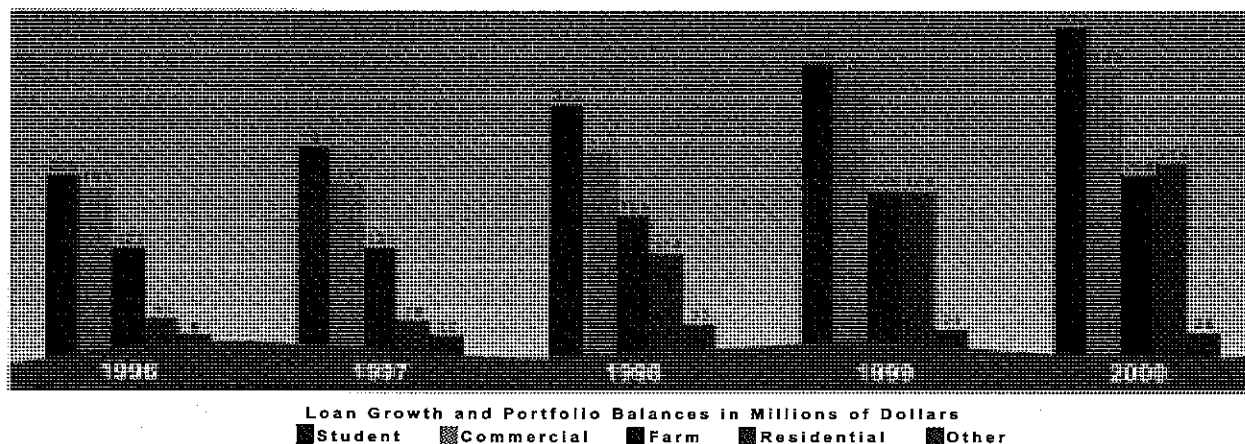
Business and Industrial Projects
Financed (5 yr cumulative total)

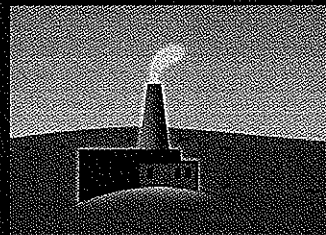
Along with record profits, the Bank will fulfill its \$50 million commitment to the state general fund for the 1999-2001 biennium, making Bank of North Dakota the fifth largest source of revenue for the state. There continues to be strong support from the North Dakota Industrial Commission, BND Advisory Board and the North Dakota legislature to assure appropriate capital retention through all economic cycles.

CHANGING AND GROWING

The Bank closed the 20th century as strong financially as it has ever been and well positioned to begin the new millennium. Experience demonstrates change is constant and inevitable. The agricultural landscape has been transitioning for several years with the outcome uncertain. Bank of North Dakota's rich history demonstrates the ability to adapt, respond and thrive through similar challenges. BND remains committed to North Dakota and its people and is devoted to the role of financing agriculture, education and economic development.

The Bank is on firm ground and positioned as a partner and agent of change to help diversify and grow North Dakota. It is important, however, to be aware that at the core of all change is people. Bank of North Dakota is proud of the creativity, hard work and dedication of BND employees and the people of North Dakota. This annual report is dedicated to these people as they work together to grow North Dakota.

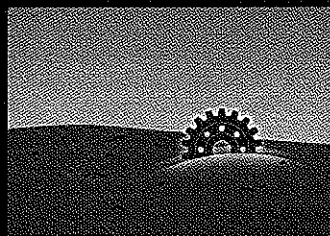




Earnings increased by 6.9% from \$30.5 million to \$32.6 million, setting a new BND record for the fifth consecutive year.

Total assets grew 7.1% from \$1.69 billion to \$1.81 billion. • *Bank capital* grew 10.1% from \$139 million to

\$153 million. • *Total loans* increased 9.4% from \$1.06 billion to \$1.16 billion. • *BND continues* as the fifth



largest revenue source for North Dakota with \$50 million to be returned to the general

fund in the current (1999-2001) biennium. • *John Hoeven*, former BND President, was elected Governor of North

Dakota. • *A new three-year* e-commerce initiative was successfully launched to keep the



Bank competitive with emerging technology and to better meet customer service needs. • *Together* with private



institutions, BND helped finance 167 business and industrial projects. • *Check*

processing services increased 2.7% in 2000 with BND processing more than 49 million items to approximately 125

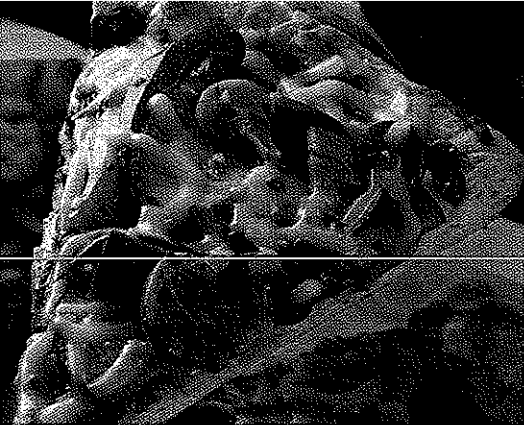
financial institutions. • *BND Fed Fund and Letter of Credit* programs provided over \$110 million in liquidity

to more than 80 North Dakota financial



institutions. • *BND continues* its

strong tradition of maintaining one of the lowest student loan default rates in the nation.



Drayton Enterprises, L.L.C.

"Rise and shine" has an oven-fresh meaning at Drayton Enterprises, L.L.C. The Fargo manufacturer is a frozen-food innovator in self-rising products like pizza crusts, breads and cinnamon rolls. With self-rising technology, the dough is already formed and proofed which means it can go from freezer to oven without thawing. Marketed under the brand name Two Sicily's, the pizza crust is just one sample of the bakery's



abilities. They also have frozen batards, baguettes and petite pains (a line of French breads) and the company developed the technology that Schwan's now uses to create its Freschetta product.

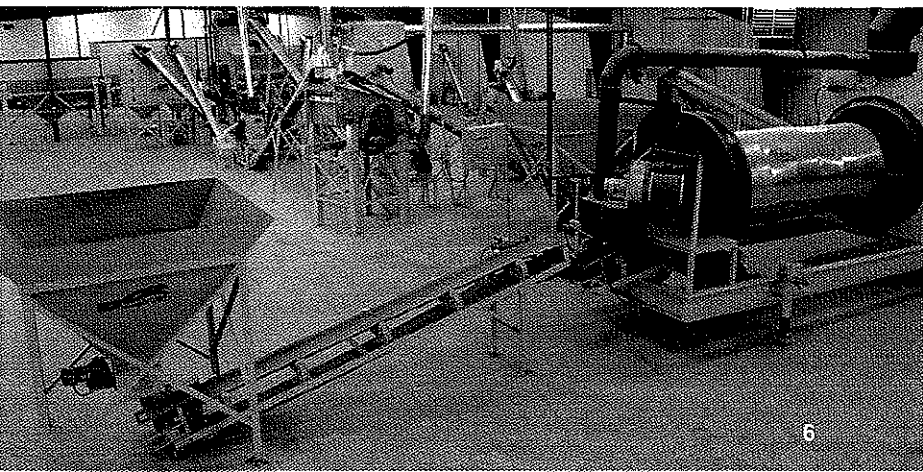
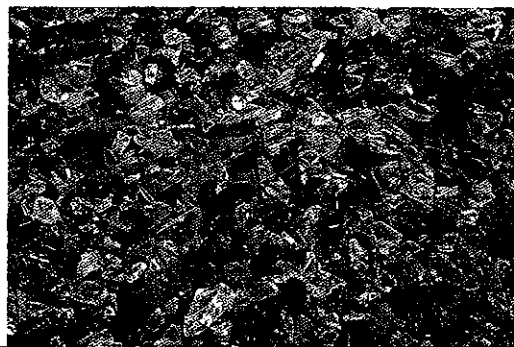
Established in 1994, the company expanded its capacity in 2000 for all product lines. Drayton Enterprises, L.L.C., now has 175 employees and plans to hire more.

Growing

Glass Busters

Turning broken glass into sandblasting material is reaping recycling kudos for Glass Busters in West Fargo. Glass Busters uses a patent-pending burner system to process mixed colored glass and glass with paper labels that are landfill-bound. "There's no need to rinse, clean, sort or remove paper from the glass. We take care of it all," Vice President Joel Dahl says.

The result is micro-fine granules in five sizes appropriate for blasting, paint-filler, sandpaper and other applications. "Our product is silicon-free and cheaper than glass beads," Dahl describes. "Plus we're creating something that's almost 100 percent recyclable." The products meet health and safety standards from the National Institute for Occupational Safety and Health and the Centers for Disease Control and Prevention.

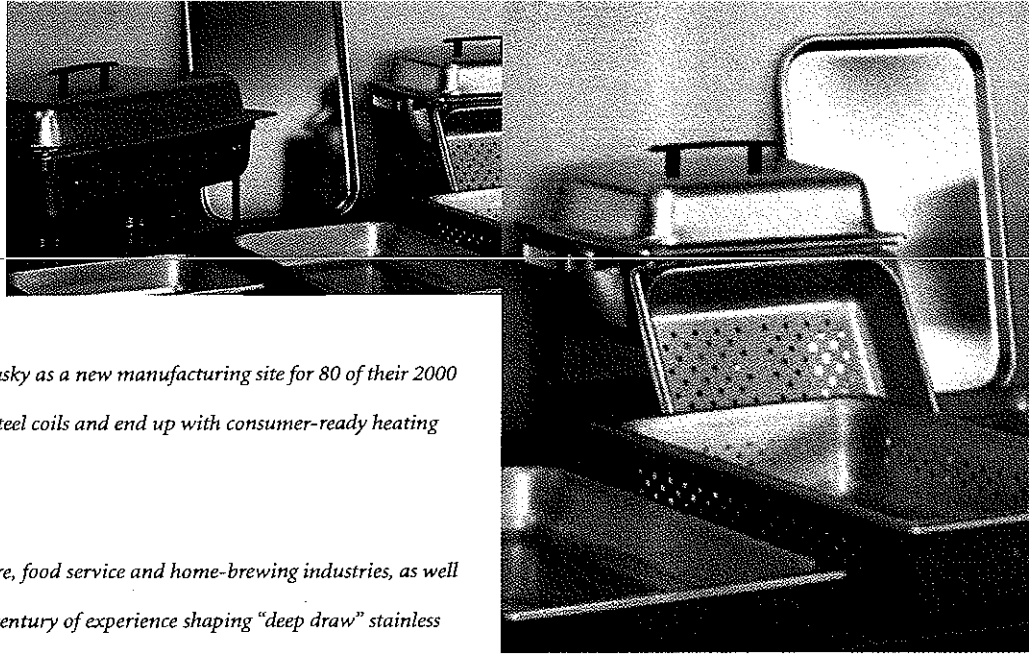


Polar Ware

McClusky, population around 500, now has a dozen people making stainless steel food service and medical products for national distribution. A

Wisconsin-based company, Polar Ware, selected McClusky as a new manufacturing site for 80 of their 2000 products. In McClusky, employees start with stainless steel coils and end up with consumer-ready heating pans, serving trays and other products.

Polar Ware creates stainless steel products for health care, food service and home-brewing industries, as well as custom manufacturing. The company has nearly a century of experience shaping "deep draw" stainless steel, which means shapes whose depth is as great as its width. There are no welded seams.



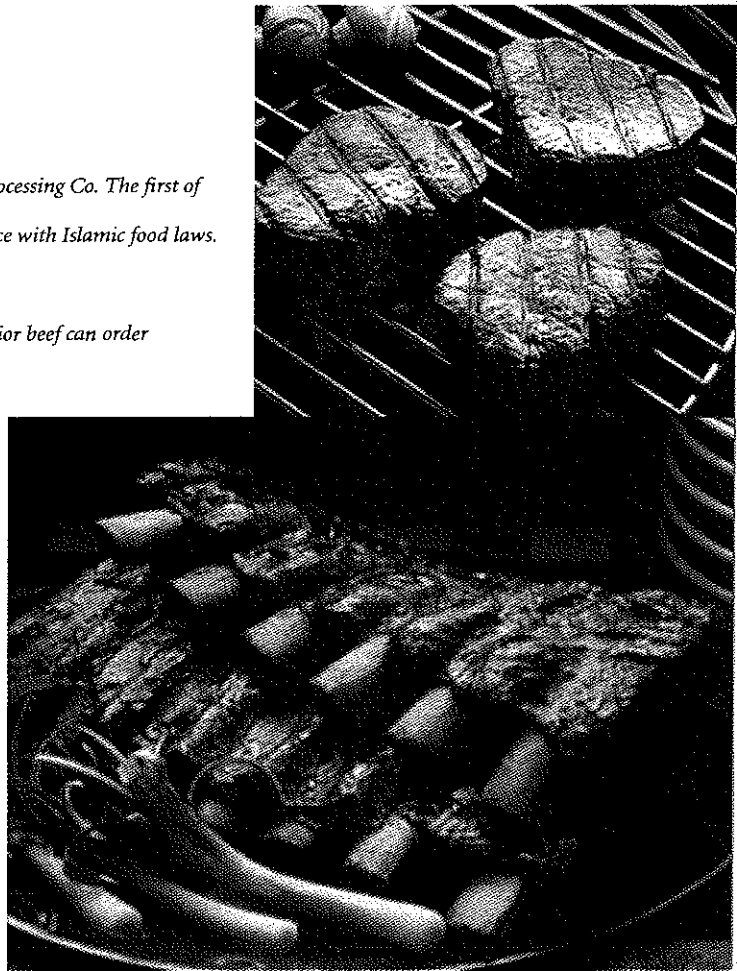
North Dakota

Dakota Halal

Harvey is the home of a new \$3 million specialty meat slaughter plant, Dakota Halal Processing Co. The first of its kind in the nation, the plant processes beef to meet strict Halal standards in accordance with Islamic food laws.

Non-Muslims and observant Muslims who want to enjoy the quality and flavor of superior beef can order Certified Halal and Dakota Halal products from Al-Dayel ranging from filet mignon, porterhouse steak and strip sirloin to meat loaf and steak burgers.

Company president Adnan Aldayel says custom processing for 20 head or more can be arranged for people who butcher their own cattle or bison. Almost 20 people work at the plant, which can slaughter 5,000 head of cattle a year. The multi-specialty plant can process cattle, sheep, goats, bison, deer and elk.



LEADING OUR GROWTH

ADRIAN DIXON INDUSTRIAL FOUNDATION



John M. Dixon
President



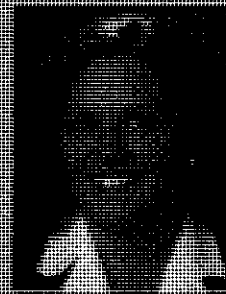
Roger Johnson
Executive Secretary



Wayne Montgomery
Vice President

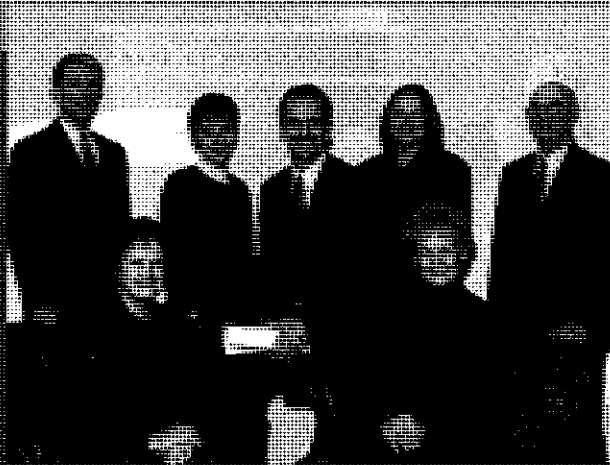


Ed Schaefer



Lisa Hartman

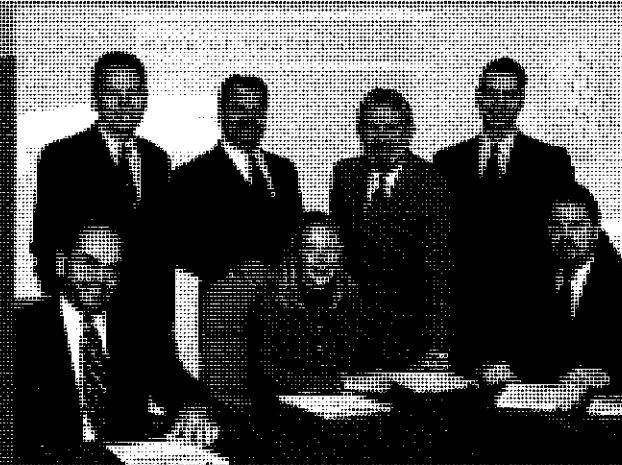
BOARD ADVISORY BOARD



standing (left to right)
Barney Montgomery and Marlys Brown

sitting (left to right)
Frank Roush, Elaine Frenking, John D. Stewart,
Marion Daley and C. William "Bill" Kingsburg

BOARD EXECUTIVE COMMITTEE



standing (left to right)
Dan Eberle, Julie Kubiczek and Eric Hardmeyer

sitting (left to right)
Bob Newman, Tim Atkinson, Ed Schaefer and Jim Katsky

INDEPENDENT AUDITOR'S REPORT

The Industrial Commission

State of North Dakota

Bismarck, North Dakota

We have audited the accompanying balance sheets of Bank of North Dakota as of December 31, 2000, and 1999, and the related statements of income, capital funds, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, Bank of North Dakota is included as part of the primary government in the State of North Dakota's reporting entity. However, Bank of North Dakota has prepared the accompanying financial statements in accordance with Financial Accounting Standards Board pronouncements, which is generally accepted accounting principles for financial institutions. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles applicable to governmental units.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of North Dakota as of December 31, 2000, and 1999, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note 1.



Bismarck, North Dakota

January 19, 2001

BANK OF NORTH DAKOTA

Balance Sheets
December 31, 2000, and 1999

ASSETS

	(In Thousands)	
	2000	1999
Cash and due from banks	\$ 172,595	\$ 135,743
Federal funds sold	271,510	249,565
Cash and cash equivalents	444,105	385,308
Securities available for sale	128,269	149,941
Securities held to maturity	63,824	85,066
	192,093	235,007
Loans	1,156,614	1,056,232
Less allowance for loan losses	(22,424)	(20,106)
	1,134,190	1,036,126
Bank premises, equipment, and software, net	3,645	2,837
Interest receivable	25,174	20,650
Other assets	7,310	7,239
Total assets	<u>\$ 1,806,517</u>	<u>\$ 1,687,167</u>

LIABILITIES AND CAPITAL FUNDS

Deposits:		
Non-interest bearing	\$ 130,470	\$ 83,798
Interest bearing	1,005,261	826,854
	1,135,731	910,652
Federal funds purchased and securities sold under agreements to repurchase	215,072	250,985
Short and long-term debt	254,439	363,076
Other liabilities	48,230	23,179
Total liabilities	1,653,472	1,547,892
Capital funds:		
Capital	2,000	2,000
Capital surplus	42,000	42,000
Undivided profits	108,707	96,703
Unrealized gain (loss) on securities available for sale	338	(1,428)
Total capital funds	153,045	139,275
Total liabilities and capital funds	<u>\$ 1,806,517</u>	<u>\$ 1,687,167</u>

See Notes to Financial Statements

BANK OF NORTH DAKOTA

Statements of Income

Years ended December 31, 2000, and 1999

	(In Thousands)	
	2000	1999
INTEREST INCOME:		
Federal funds sold and securities purchased under agreements to resell	\$ 12,479	\$ 8,961
Investment securities	14,253	19,109
Loans	90,431	71,280
Total interest income	117,163	99,350
INTEREST EXPENSE:		
Deposits	49,060	35,826
Federal funds purchased and securities sold under agreements to repurchase	9,851	11,383
Short and long-term debt	16,863	15,278
Total interest expense	75,774	62,487
NET INTEREST INCOME	41,389	36,863
PROVISION FOR LOAN LOSSES	2,700	1,600
NET INTEREST AFTER PROVISION FOR LOAN LOSSES	38,689	35,263
NON-INTEREST INCOME:		
Service fees and other	7,802	8,224
Net loss on sales of securities	(578)	(386)
Total non-interest income	7,224	7,838
NON-INTEREST EXPENSE:		
Salaries	5,298	5,176
Pensions and other employee benefits	1,627	1,547
Data processing	2,259	2,009
Other operating expenses	3,530	3,424
Depreciation and amortization	617	486
Total non-interest expenses	13,331	12,642
NET INCOME	\$ 32,582	\$ 30,459

See Notes to Financial Statements

BANK OF NORTH DAKOTA

Statements of Capital Funds Years ended December 31, 2000, and 1999

	(in Thousands)				
	Capital	Capital Surplus	Undivided Profits	Unrealized Gain (Loss) on Securities Available for Sale	Total
BALANCE, DECEMBER 31, 1998	\$ 2,000	\$ 42,000	\$ 95,736	\$ 195	\$ 139,931
Comprehensive income:					
Net income			30,459		30,459
Unrealized loss on securities available for sale				(1,623)	(1,623)
Total comprehensive income					28,836
Appropriation to state general fund from undivided profits			(15,000)		(15,000)
Appropriation to state general fund from current earnings			(14,422)		(14,422)
Appropriation to Industrial Commission			(87)		(87)
Reduction in appropriations			17		17
BALANCE, DECEMBER 31, 1999	2,000	42,000	96,703	(1,428)	139,275
Comprehensive income:					
Net income			32,582		32,582
Unrealized gain on securities available for sale				1,766	1,766
Total comprehensive income					34,348
Appropriation to state general fund from current earnings			(20,578)		(20,578)
BALANCE, DECEMBER 31, 2000	\$ 2,000	\$ 42,000	\$ 108,707	\$ 338	\$ 153,045

See Notes to Financial Statements

BANK OF NORTH DAKOTA

Statements of Cash Flows
Years ended December 31, 2000, and 1999

	(In Thousands)	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 32,582	\$ 30,459
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	617	486
Provision for loan losses	2,700	1,600
Net amortization (accretion) of securities	(147)	300
Loss on retirement of equipment and software	-	2
Net loss on sales of securities	578	386
Increase in interest receivable	(4,524)	(383)
Increase in other assets	(71)	(1,679)
Increase (decrease) in other liabilities	4,508	(3,574)
Net cash provided by operating activities	<u>36,243</u>	<u>27,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Securities available for sale transactions:		
Purchase of securities	(115,684)	(563,138)
Proceeds from sales, maturities, and principal repayments	138,726	721,611
Securities held to maturity transactions:		
Purchase of securities	-	(1,200)
Proceeds from sales, maturities, and principal repayments	21,207	33,253
Net increase in loans	(100,764)	(220,993)
Purchases of equipment and software	(1,425)	(270)
Net cash used in investing activities	<u>(57,940)</u>	<u>(30,737)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in non-interest bearing deposits	46,672	(49,509)
Net increase in interest bearing deposits	178,407	16,624
Net decrease in federal funds purchased and securities sold under repurchase agreements	(35,913)	(58,511)
Proceeds from issuance of short and long-term debt	7,300	189,079
Payment of short and long-term debt	(115,937)	(29,782)
Payment of appropriations	(35)	(15,035)
Net cash provided by financing activities	<u>80,494</u>	<u>52,866</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>58,797</u>	<u>49,726</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>385,308</u>	<u>335,582</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 444,105</u>	<u>\$ 385,308</u>

See Notes to Financial Statements

BANK OF NORTH DAKOTA

Notes to Financial Statements Year ended December 31, 2000, and 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Nature of Operations - Bank of North Dakota (BND) is owned and operated by the State of North Dakota under the supervision of The Industrial Commission as provided by Chapter 6-09 of the North Dakota Century Code. BND is a unique institution combining elements of banking and state government with a primary role in financing economic development. BND is a participation lender; the vast majority of its loans are made in tandem with financial institutions throughout the State of North Dakota. BND's primary deposit products are interest-bearing accounts for state and political subdivisions.

Bank of North Dakota is included as part of the primary government in the State of North Dakota's reporting entity. As such, the Bank is required to follow the pronouncements of the Government Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing generally accepted accounting principles for governmental entities. In accordance with GASB Statement 20, the Bank follows all applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) pronouncements, unless they conflict with the GASB pronouncements.

However, the accompanying financial statements are prepared in accordance with Financial Accounting Standards Board pronouncements, which is generally accepted accounting principles for financial institutions. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles applicable to governmental units.

- B. Use of Estimates - In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses.
- C. Significant Group Concentrations of Credit Risk- Most of the Bank's activities are with customers within the State of North Dakota. Concentrations of credit are present in the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture. Loans for agricultural purposes comprised approximately 18% of total loans as of December 31, 2000, and 1999.
- D. Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which mature within 90 days.
- E. Securities Available for Sale - Securities that may be sold before maturity in response to changes in interest rates or prepayment risk, or due to liquidity needs or changes in funding sources or terms, are classified as securities available for sale. These securities are recorded at fair value, with unrealized gains and losses, reported in capital. When securities are sold, the amortized cost of the specific securities sold is used to compute the gain or loss on sale. The change in unrealized holding gains and losses are excluded from earnings and reported in other comprehensive income.
- F. Securities Held to Maturity - Securities that management has the positive intent and ability to hold to maturity are classified as securities held to maturity and recorded at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized by adjustments to interest income.
- G. Loans - Loans are reported at their outstanding unpaid principal balance. Interest income on loans is accrued at the specific rate on the unpaid principal balance.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

- H. Allowance for Loan Losses - The Bank uses the allowance method in providing for loan losses. Accordingly, the allowance is increased by the current year's provision for loan losses charged to operations and reduced by net charge-offs.

The adequacy of the allowance for loan losses and the provisions for loan losses charged to operations are based on management's evaluation of a number of factors, including recent loan loss experience, continuous evaluation of the loan portfolio quality, current and anticipated economic conditions, and other pertinent factors. Loans are charged to the allowance when management believes the collection of the principal is doubtful.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

Impairment is measured on a loan-by-loan basis for commercial, agricultural, farm real estate, state institutions and political subdivisions and bank stock loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogenous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual guaranteed student and residential loans for impairment disclosures.

- I. Residential Loan Servicing - Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of residential loans. Capitalized servicing rights are reported in other assets and are amortized in proportion to, and over the period of, the estimated future net servicing income of the underlying residential loans. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Fair value is determined using the pricing model provided by the Office of Thrift Supervision. Impairment is recognized through a valuation allowance for an individual stratum, to the extent that fair value is less than the capitalized amount of the stratum.
- J. Credit Related Financial Instruments - In the ordinary course of business, the Bank has entered into commitments to extend credit and financial standby letters of credit. Such financial instruments are recorded when they are funded.
- K. Transfers of Financial Assets - Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.
- L. Bank Premises, Equipment, and Software - Bank premises, equipment, and software are stated at cost less accumulated depreciation or amortization. Depreciation and amortization are provided over the estimated useful lives of the individual assets using the straight-line method. The estimated useful lives used in the computation of depreciation or amortization are 25 years for bank premises, 10 years for improvements to bank premises, 3 to 5 years for equipment and software, and 10 years for furniture.
- M. Other Real Estate - Other real estate (ORE), which is included in other assets, represents properties acquired through foreclosure or other proceedings. ORE is recorded at the lower of the amount of the loan or fair market value of the properties. Any write-down to fair market value at the time of the transfer to ORE is charged to the allowance for loan losses. Property is evaluated regularly to ensure that the recorded amount is supported by the current fair market value.
- N. Defined Benefit Plan - The Bank funds amounts equal to pension costs accrued.
- O. Income Taxes - Bank of North Dakota is a governmental agency of the State of North Dakota and, as such, is not obligated for federal or state income taxes.
- P. Reclassifications - Certain amounts have been reclassified to provide consistent presentation among the various accounting periods shown. The reclassifications have no effect on previously reported net income or total capital funds.

NOTE 2 - RESTRICTION ON CASH AND DUE FROM BANKS

Federal Reserve Board regulations require reserve balances on deposits to be maintained by BND with the Federal Reserve Bank. BND maintains a clearing account with an average balance of \$4 million with the Federal Reserve Bank as of December 31, 2000, and 1999.

NOTE 3 - DEBT AND EQUITY SECURITIES

Debt and equity securities have been classified in the financial statements according to management's intent. The amortized cost and fair values of securities, with gross unrealized gains and losses, follows:

	(in Thousands)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
DECEMBER 31, 2000:				
SECURITIES AVAILABLE FOR SALE:				
Commercial paper	\$ 44,950	\$ -	\$ 5	\$ 44,945
Federal agency	57,499	251	7	57,743
Mortgage-backed	9,913	100	1	10,012
Other	15,569	-	-	15,569
	\$ 127,931	\$ 351	\$ 13	\$ 128,269

SECURITIES HELD TO MATURITY:				
Mortgage-backed	\$ 53,467	\$ 393	\$ 660	\$ 53,200
State and municipal	10,357	-	-	10,357
	<u>\$ 63,824</u>	<u>\$ 393</u>	<u>\$ 660</u>	<u>\$ 63,557</u>

DECEMBER 31, 1999:

SECURITIES AVAILABLE FOR SALE:				
U.S. Treasury	\$ 4,981	\$ -	\$ 44	\$ 4,937
Federal agency	117,341	-	1,430	115,911
Mortgage-backed	4,478	64	18	4,524
Other	24,569	-	-	24,569
	<u>\$ 151,369</u>	<u>\$ 64</u>	<u>\$ 1,492</u>	<u>\$ 149,941</u>

SECURITIES HELD TO MATURITY:				
Mortgage-backed	\$ 71,963	\$ 279	\$ 685	\$ 71,557
State and municipal	13,103	-	-	13,103
	<u>\$ 85,066</u>	<u>\$ 279</u>	<u>\$ 685</u>	<u>\$ 84,660</u>

Securities carried at \$81,599,000 at December 31, 2000, and \$81,852,000 at December 31, 1999, were used for securities sold under agreements to repurchase and for other required pledging purposes.

The maturity distribution of debt securities at December 31, 2000, is shown below. The distribution of mortgage-backed securities is based on average expected maturities. Actual maturities may differ because issuers may have the right to call or prepay obligations.

	(In Thousands)			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within one year	\$ 80,954	\$ 81,022	\$ 5,272	\$ 5,254
Over one year through five years	31,408	31,678	44,702	44,403
Over five years through ten years	-	-	7,103	7,153
Over ten years	-	-	6,747	6,747
	\$ 112,362	\$ 112,700	\$ 63,824	\$ 63,557

Proceeds from sales of securities available for sale for the years ended December 31, 2000, and 1999, were \$73,793,000 and \$69,548,000. Gross realized gains on sales for the years ended December 31, 2000, and 1999, were \$0 and \$15,000. Gross realized losses on sales for the years ended December 31, 2000, and 1999, were \$578,000 and \$401,000.

(continued on next page)

NOTE 4 - LOANS

The composition of the loan portfolio at December 31, 2000, and 1999, is as follows:

	(In Thousands)	
	2000	1999
Guaranteed student loans	\$ 376,535	\$ 335,687
Bank participation loans:		
Commercial	328,205	311,787
Agricultural	138,753	127,131
Residential loans	213,009	188,474
Farm real estate loans	65,377	62,080
State institutions and political subdivisions	25,487	21,037
Bank stock	9,248	10,036
	1,156,614	1,056,232
Allowance for loan losses	22,424	20,106
	<u>\$ 1,134,190</u>	<u>\$ 1,036,126</u>

The total amount of impaired loans was \$2,330,000 and \$3,747,000 at December 31, 2000, and 1999. The carrying value of an impaired loan was less than the fair value of the collateral and, accordingly, no allowance for credit losses is specifically required for the impaired loans. The average balance of impaired loans was \$2,485,000 and \$3,124,000 during 2000 and 1999.

The total amount of restructured loans was \$15,011,000 and \$12,661,000 at December 31, 2000, and 1999.

There were no material commitments to lend additional funds to customers whose loans were classified as impaired or restructured at December 31, 2000.

The composition of the allowance for loan losses for the years ended December 31, 2000, and 1999, is as follows:

	(In Thousands)	
	2000	1999
Balance - beginning of year	\$ 20,106	\$ 18,921
Provision for loan losses	2,700	1,600
Loans charged off	(746)	(634)
Recoveries	364	219
Balance - end of year	<u>\$ 22,424</u>	<u>\$ 20,106</u>

NOTE 5 - RESIDENTIAL LOAN SERVICING

Residential loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balances of residential loans serviced for others were \$47,372,000 and \$52,836,000 at December 31, 2000, and 1999.

The balance of capitalized servicing rights, net of valuation allowances, included in other assets at December 31, 2000, and 1999, was \$396,000 and \$491,000, respectively. The fair value of these rights was \$835,000 at December 31, 2000.

(continued on next page)

The following table summarizes the changes in capitalized servicing rights for the years ended December 31, 2000, and 1999:

	(In Thousands)	
	2000	1999
Balance - beginning of year	\$ 491	\$ 473
Purchases	10	142
Amortization	(105)	(124)
	396	491
Less valuation allowance	-	-
Balance - end of year	\$ 396	\$ 491

NOTE 6 - BANK PREMISES, EQUIPMENT, AND SOFTWARE

The following is a summary of changes in Bank premises, equipment, and software at December 31, 2000, and 1999, is as follows:

	(In Thousands)			
	Balance 12/31/99	Additions	Retirements	Balance 12/31/00
Land	\$ 287	\$ 385	\$ -	\$ 672
Building	4,285	-	-	4,285
Equipment	1,326	69	53	1,342
Furniture	784	16	193	607
Software	2,266	955	-	3,221
	8,948	1,425	246	10,127
Less accumulated depreciation	6,111	617	246	6,482
	\$ 2,837	\$ 808	\$ -	\$ 3,645

	(In Thousands)			
	Balance 12/31/98	Additions	Retirements	Balance 12/31/99
Land	\$ 287	\$ -	\$ -	\$ 287
Building	4,278	7	-	4,285
Equipment	1,755	153	582	1,326
Furniture	771	14	1	784
Software	2,170	96	-	2,266
	9,261	270	583	8,948
Less accumulated depreciation	6,206	486	581	6,111
	\$ 3,055	\$ (216)	\$ 2	\$ 2,837

Depreciation and amortization expense on the above assets amounted to \$617,000 and \$486,000 in 2000 and 1999.

NOTE 7 - DEPOSITS

The aggregate amount of locally sold certificates of deposit larger than \$100,000 was \$675,406,000 and \$483,180,000 as of December 31, 2000, and 1999. Certificates of deposit sold on the national market were \$65,000,000 as of December 31, 2000, and 1999, and all are in denominations of \$10,000,000 or more.

At December 31, 2000, the scheduled maturities of certificates of deposits are as follows:

	(In Thousands)	
	Sold Locally	Sold on the National Market
2001	\$ 616,883	\$ -
2002	21,252	-
2003	6,083	65,000
2004	13,291	-
2005	10,468	-
Later years	24,934	-
	<u>\$ 692,911</u>	<u>\$ 65,000</u>

NOTE 8 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

The Bank enters into securities sold under agreements to repurchase the same securities. These agreements may have a fixed maturity or be open-ended, callable at any time. These agreements are secured by Fed book-entry securities.

NOTE 9 - SHORT AND LONG-TERM DEBT

Short and long-term debt consist of:

	(In Thousands)	
	2000	1999
Federal Home Loan Bank advances	\$ 253,669	\$ 362,305
North Dakota Municipal Bond Bank, 3%, matures from September 2007 through September 2009	770	771
	<u>\$ 254,439</u>	<u>\$ 363,076</u>

A summary, by years, of future minimum payments required to amortize the outstanding short and long-term debt is as follows:

	(In Thousands)		
	Principal	Interest	Total
2001	\$ 5,121	\$ 14,925	\$ 20,046
2002	25,317	14,438	39,755
2003	14,025	13,167	27,192
2004	14,748	12,662	27,410
2005	23,184	12,255	35,439
Later years	172,044	86,749	258,793
Totals	<u>\$ 254,439</u>	<u>\$ 154,196</u>	<u>\$ 408,635</u>

The Federal Home Loan Bank (FHLB) advances outstanding at December 31, 2000, mature from November 2001 through August 2019. All advances have fixed rate interest, ranging from 5.25% to 7.35%. In order to make FHLB advances, BND is required to purchase FHLB stock equal to 5% of total short and long-term advances from FHLB. FHLB short and long-term advances are secured by an assignment of the FHLB stock owned by BND. Advances must also be secured by minimum qualifying collateral maintenance levels. BND meets these collateral maintenance levels by pledging guaranteed student loans and residential loans.

The North Dakota Municipal Bond Bank long-term borrowing is unsecured. Proceeds from the long-term borrowing are used to make irrigation loans at Bank of North Dakota.

NOTE 10 - OTHER LIABILITIES

Other liabilities consist of:

	(In Thousands)	
	2000	1999
Appropriations payable	\$ 35,000	\$ 14,457
Interest payable	6,987	4,463
Student loan origination fee payable	140	183
Official checks	689	310
Accrued expenses	984	958
Other	4,430	2,808
	<u>\$ 48,230</u>	<u>\$ 23,179</u>

The 1999 North Dakota Legislature passed Senate Bill 2015 that provides for an appropriation from Bank of North Dakota to the state's general fund. An appropriation of \$50,000,000 was made for the biennium beginning July 1, 1999, and ending June 30, 2001, from the current earnings and the accumulated undivided profits of the Bank. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys shall be transferred in amounts and at such times as requested by the director of the Office of Management and Budget. \$15,000,000 was transferred during the year ended December 31, 1999.

No transfers may be made which would reduce the Bank's capital structure below \$100,000,000.

NOTE 11 - PENSION PLAN

Bank of North Dakota participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of Bank of North Dakota. The plan provides retirement, disability, and death benefits. If an active employee dies with less than five years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than five years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred, or monthly payments in an amount equal to the employee's accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 1.77% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with five or more years of service.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary

reduction" agreement. Bank of North Dakota has implemented a salary reduction agreement and is currently contributing the employees' share. Bank of North Dakota is required to contribute 4.12 % of each participant's salary as the employer's share. The required contributions are determined using an entry age normal actuarial funding method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. Bank of North Dakota's required and actual contributions to NDPERS for the fiscal years ending December 31, 2000, and 1999, were approximately \$422,000 and \$415,000.

NDPERS issues a publicly available report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1214; Bismarck, ND 58502-1214.

NOTE 12 - POST-RETIREMENT BENEFITS

In addition to providing pension benefits, the state allows all PERS retirees to participate in the State Group Health Plan after retirement. The Bank's contribution requirement for the years ended December 31, 2000, and 1999, was approximately \$52,000 and \$51,000.

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

- A. Contingent Bank Transfer - The 1999 North Dakota Legislature passed Senate Bill 2015, which included a contingent Bank transfer to the state general fund. If, during the biennium ending June 30, 2001, the director of the Office of Management and Budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, the Industrial Commission shall transfer to the state general fund an additional amount, as determined by the director of the Office of Management and Budget and as approved by the budget section, from the earnings and accumulated and undivided profits of Bank of North Dakota. Transfers made under these provisions may not be made before July 1, 2000, and may only be made to the extent necessary to achieve a projected June 30, 2001 general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the Office of Management and Budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast. As of December 31, 2000, projected revenues exceed the March 1999 legislative forecast for projected revenues.

No transfers may be made which would reduce the Bank's capital structure below \$100,000,000.

- B. Statewide Water Development Projects - The 1999 North Dakota Legislature passed Senate Bill 2188, which included the statewide water development goals. In order to implement the state water management plan, the legislative assembly will support the following projects: southwest pipeline, northwest area water supply, Grand Forks flood control, Devils Lake outlet to the Sheyenne River and to west Stump Lake, water to eastern North Dakota, other municipal, rural, and industrial projects, and other general projects. Senate Bill 2188 authorizes the State Water Commission to issue bonds and appropriates the proceeds for the above statewide water development projects. The State Water Commission bonds issued for these projects may not exceed \$84,800,000.

Principal and interest on the bonds are payable first from moneys received by the state pursuant to the 1998 settlement agreement with tobacco product manufacturers, and any earnings on these moneys, second from revenues in the resources trust fund, and then from any other revenues the State Water Commission makes available. If sufficient funds from these sources are not available, principal and interest on the bonds will be payable from the first available current biennial earnings of Bank of North Dakota, not to exceed \$6,500,000 per biennium. No appropriation was made from Bank of North Dakota for statewide water development projects for the 1999-2001 biennium by the legislature.

Bank of North Dakota shall extend a non-revolving line of credit not to exceed \$84,800,000 for the biennium ending June 30, 2001, to the State Water Commission for the purpose of interim financing until bonds are issued. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available. As of December 31, 2000, Bank of North Dakota has funded \$1,118,000 and has a commitment outstanding of \$38,834,000 included in commitments to extend credit.

- C. Sale of Student Loans - The Bank has committed to selling student loans to the North Dakota Student Loan Trust for the next three years. The loans that will be sold are student loans that will be originated by the Bank during the three-year period. Management anticipates that up to \$61 million of student loans will be sold under the agreement with the North Dakota Student Loan Trust.
- D. Partial Investment Return Guarantee - BND has issued a Partial Investment Return Guarantee (hereinafter "Guarantee") to each initial investor limited partner of North Dakota Small Business Investment Company (NDSBIC), a North Dakota Limited Partnership. This unconditional Guarantee issued by BND promises that at any time between the dates of January 1, 2004, and December 31, 2009, BND will guarantee 25% of the original offering price, or \$2,500 for each said \$10,000 unit tendered for repurchase. The Guarantee expires on December 31, 2009. The Guarantee is limited in total to no more than twenty-five percent (25%) of the \$4,976,000 of units sold to the initial investors in the NDSBIC. As of December 31, 2000, BND does not anticipate it probable that any investor will tender units for repurchase based on the Guarantee.
- E. Beginning Entrepreneur Loan Guarantee Program - The 1999 North Dakota Legislature passed Senate Bill 2242, which created the Beginning Entrepreneur Loan Guarantee Program. The program provides that Bank of North Dakota enters into an agreement with a lender that in the event of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, Bank of North Dakota shall pay the lender the amount agreed upon up to 85% of the amount of principal due the lender on a loan at the time the claim is approved. A lender may apply to Bank of North Dakota for a loan guarantee for a loan of up to \$75,000. The term of the loan guarantee may not exceed five years. The Bank may not guarantee more than \$500,000 in loans under the program. As of December 31, 2000, Bank of North Dakota has funded \$464,000 and has commitments outstanding of \$33,000 included in commitments to extend credit.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Bank, because of its unique relationship with the State of North Dakota, is a party in many business transactions with other entities of state government. All state funds and funds of all state penal, education, and industrial institutions must be deposited in the Bank under state law. These transactions are a normal part of bank business and, accordingly, are included in the Bank's financial statements.

NOTE 15 - OFF-BALANCE-SHEET ACTIVITIES

The Bank is a party to credit-related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and financial standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

The Bank's exposure to credit loss is represented by the contractual amount of these commitments. The Bank follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

The following financial instruments were outstanding where contract amounts represent credit risk:

	Contract Amount (In Thousands)	
	2000	1999
Commitments to extend credit	\$ 263,196	\$ 242,339
Financial standby letters of credit	78,556	72,317
	<u>\$ 341,752</u>	<u>\$ 314,656</u>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Bank, is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The likelihood of funding any of these letters of credit is considered to be remote.

NOTE 16 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are determined as of a specific point in time utilizing various assumptions and estimates. Quoted market prices are the preferred means of estimating the value of a specific instrument, but in the cases where market quotes are not available, fair values are determined using various valuation techniques such as discounted cash flow calculations or by using pricing models.

The carrying values and estimated fair values of the Bank's financial instruments as of December 31, 2000, and 1999, were as follows:

	(In Thousands)			
	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 444,105	\$ 444,105	\$ 385,308	\$ 385,308
Securities available for sale	128,269	128,269	149,941	149,941
Securities held to maturity	63,824	63,557	85,066	84,660
Accrued interest receivable	25,174	25,174	20,650	20,650
Loans:				
Guaranteed student loans	376,535	385,643	335,687	345,758
Residential loans	213,009	223,374	188,474	186,451
Other loans	567,070	552,541	532,071	516,320
Allowance for loan losses	(22,424)	-	(20,106)	-
Total loans	1,134,190	1,161,558	1,036,126	1,048,529
Total financial assets	\$ 1,795,562	\$ 1,822,663	\$ 1,677,091	\$ 1,689,088
Financial liabilities:				
Non-maturity deposits	\$ 377,820	\$ 377,820	\$ 344,963	\$ 344,963
Deposits with stated maturities	757,911	751,406	565,689	560,126
Federal funds purchased and securities sold under agreements to repurchase	215,072	215,072	250,985	250,985
Short and long-term debt	254,439	253,854	363,076	349,469
Other liabilities	48,230	48,230	23,179	23,179
Total financial liabilities	\$ 1,653,472	\$ 1,646,382	\$ 1,547,892	\$ 1,528,722

The following methods and assumptions were used by the Bank in estimating fair value disclosures for financial instruments:

- A. Cash and Cash Equivalents - The carrying amounts of cash and cash equivalents approximates fair value due to the relatively short period of time between the origination of the instruments and their expected realization.
- ~~B. Securities Available for Sale and Securities Held to Maturity - The fair value for securities are based on quoted market values, when available. If quoted market prices were not available, fair value was estimated using quoted market prices for similar assets.~~
- C. Residential Loans - The fair value for residential loans has been estimated by discounting future cash flows to reflect management's estimate of current rates for financing borrowers under substantially similar terms and degrees of risk. Projected cash flows on non-accrual loans were reduced by the amount of the estimated losses in the portfolio.
- D. Guaranteed Student Loans - The fair value for student loans is based on quoted market values.
- E. Other Loans - The fair value for all other categories of loans has been estimated by discounting future cash flows to reflect management's estimate of current rates for financing borrowers under substantially similar terms and degrees of risk. Projected cash flows on non-accrual loans were reduced by the amount of the estimated losses on the portfolio.
- F. Interest Receivable and Payable - The carrying amount of interest receivable and payable approximates fair value due to the relatively short period of time between accrual and expected realization.
- G. Non-Maturity Deposits - The fair value for deposits with no stated maturity, such as demand deposits, savings, NOW, and money market accounts, are disclosed as the amount payable upon demand.
- H. Deposits With Stated Maturities - The fair value for interest bearing certificates of deposit has been estimated by discounted future cash flows using rates currently offered for deposits of similar remaining maturities.
- I. Federal Funds Purchased and Securities Sold Under Agreements to Repurchase - The carrying amount of federal funds purchased and securities sold under agreements to repurchase approximates fair value due to the relatively short period of time between the origination of the instruments and their expected payments.
- J. Short and Long-Term Debt - Current market prices were used to estimate the fair value of short and long-term debt using current market rates of similar maturity debt.
- K. Other Liabilities - The carrying amount of other liabilities approximates fair value due to the short period of time until expected payment.
- L. Off-Balance-Sheet Instruments - Fair values of off-balance-sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing.

NOTE 17 - COMPREHENSIVE INCOME

The Bank recognizes and includes revenue, expenses, gains and losses in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the capital funds section of the balance sheet, such items, along with net income, are components of comprehensive income. Changes in and determination of accumulated other comprehensive income are as follows:

	(In Thousands)	
	Unrealized Gain (Loss) on Securities Available for Sale	
	2000	1999
Balance, beginning of year	\$ (1,428)	\$195
Unrealized holding gains (losses) arising during the period	1,188	(2,009)
Reclassification adjustment for (gains) losses realized	578	386
Other comprehensive income	1,766	(1,623)
Balance, end of year	\$ 338	\$ (1,428)

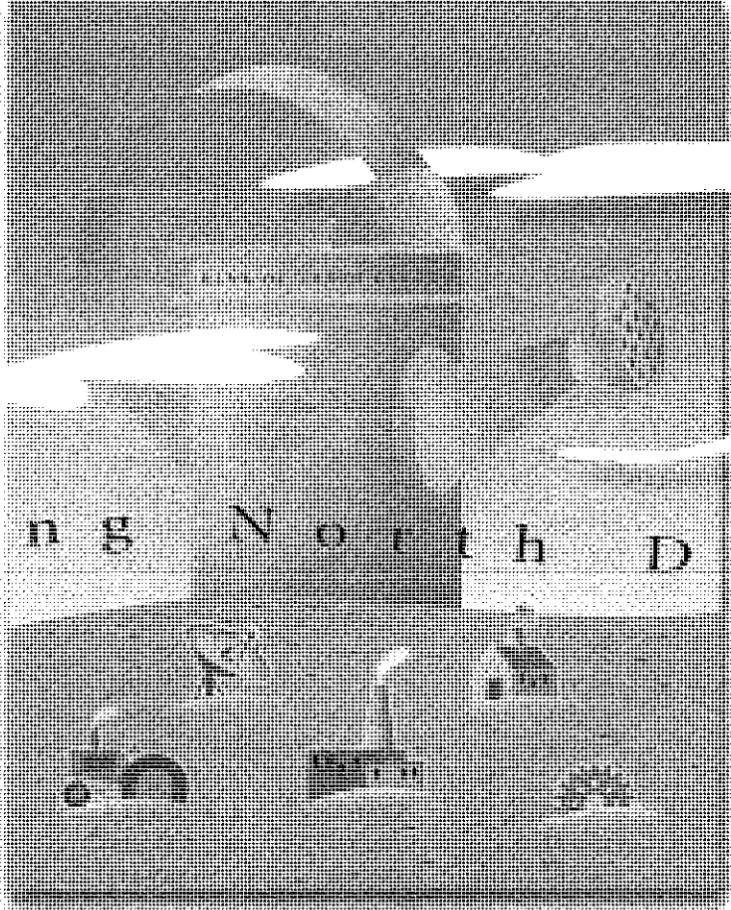
NOTE 18 - SUPPLEMENTAL DISCLOSURES RELATED TO STATEMENTS OF CASH FLOWS

	(In Thousands)	
	2000	1999
Supplemental disclosures of cash flow information:		
Cash payments for:		
Interest paid to customers	\$ 46,517	\$ 36,373
Interest paid on federal funds purchased and securities sold under repurchase agreements	9,772	11,391
Interest paid on short- and long-term debt	16,962	15,181
Supplemental schedule of noncash investing and financing activities:		
Reduction in appropriation payable	-	(17)
Appropriations transfer from undivided profits to other liabilities	20,578	29,509
Net change in unrealized gain (loss) on securities available for sale	1,766	(1,623)

TEN YEAR SUMMARY

	2000	1999	1998
OPERATING RESULTS (in thousands)			
Interest income	\$117,163	\$99,350	\$87,788
Interest expense	75,774	62,487	53,852
Net interest income	41,389	36,863	33,936
Provision for loan losses	2,700	1,600	1,700
Net interest income after provision for loan losses	38,689	35,263	32,236
Non interest income	7,224	7,838	8,651
Non interest expense	13,331	12,642	12,750
Net income	32,582	30,459	28,137
Payments to general fund	0	15,000	29,600
Payments to other funds	35	35	40
BALANCE SHEET - YEAR END (in thousands)			
TOTAL ASSETS	1,806,517	1,687,167	1,609,039
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS			
	271,510	249,565	206,095
SECURITIES AVAILABLE FOR SALE	128,269	149,941	310,402
SECURITIES HELD TO MATURITY	63,824	85,066	117,440
LOANS	1,156,614	1,056,232	835,654
Loans held for sale	-	-	-
Residential loans	213,009	188,474	113,934
Guaranteed student loans	376,535	335,687	292,896
Bank participation loans -			
Commercial	328,205	311,787	228,723
Agriculture	138,753	127,131	94,971
Farm real estate loans	65,377	62,080	61,205
State institutions	25,487	21,037	34,678
Bank stock	9,248	10,036	9,247
DEPOSITS	1,135,731	910,652	943,537
Non-interest bearing	130,470	83,798	133,307
Interest bearing	1,005,261	826,854	810,230
FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS			
	215,072	250,985	309,496
SHORT AND LONG-TERM DEBT	254,439	363,076	203,779
CAPITAL FUNDS	153,045	139,275	139,931
Capital	2,000	2,000	2,000
Surplus	42,000	42,000	42,000
Contributed capital	-	-	-
Unrealized gain (loss) on securities available for sale	338	(1,428)	195
Undivided profits	108,707	96,703	95,736

1997	1996	1995	1994	1993	1992	1991
\$70,891	\$67,377	\$62,742	\$51,273	\$46,985	\$57,335	\$64,453
40,768	39,865	37,595	28,564	23,456	28,251	41,391
30,123	27,512	25,147	22,709	23,529	27,584	21,530
600	600	1,700	2,500	600	667	698
29,523	26,912	23,447	20,209	22,929	26,917	20,832
8,189	7,812	9,514	9,597	6,373	4,534	4,405
12,168	11,533	11,322	11,775	11,772	10,611	10,355
25,544	23,191	21,639	18,031	17,530	22,340	16,414
12,715	37,500	-	10,000	11,100	18,521	4,696
41	38	25,195	37	16	75	110
1,162,415	1,068,082	1,033,816	935,070	872,220	1,064,109	956,759
128,180	86,470	67,045	79,810	62,680	208,951	110,305
172,765	173,210	69,026	37,364	-	-	-
97,095	111,281	278,154	321,035	428,333	458,414	496,789
623,532	554,001	487,297	393,756	305,552	313,873	266,854
-	-	-	203	14,996	-	-
38,089	29,595	27,808	32,913	42,322	61,655	78,564
244,154	205,787	168,755	122,714	75,026	118,639	86,487
190,088	181,179	155,654	120,918	78,697	63,722	51,269
75,528	82,253	83,217	68,514	53,405	43,422	28,940
45,217	40,035	33,314	31,255	25,638	20,675	15,729
20,561	5,947	11,271	10,459	12,264	2,965	3,167
9,895	9,205	7,278	6,780	3,204	2,795	2,698
719,508	728,122	676,798	587,837	573,317	571,355	541,835
117,708	106,120	117,579	98,337	87,916	91,158	80,789
601,800	622,002	559,219	489,500	485,401	480,197	461,046
234,114	198,108	164,956	155,527	121,112	322,308	247,664
54,087	14,500	57,000	53,455	49,908	49,862	49,816
128,888	98,477	76,000	100,206	100,000	114,119	92,917
22,000	22,000	22,000	22,000	22,000	22,000	22,000
22,000	22,000	22,000	22,000	22,000	22,000	22,000
-	-	-	1,394	1,394	1,394	1,394
102	(61)	508	206	-	-	-
84,786	54,538	31,492	54,606	54,606	68,725	47,523



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